

# HOUSE BILL No. 1056

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-46.

**Synopsis:** Property tax relief. Permits a board of county commissioners (outside Marion County), a county council, a city-county council, a city common council, or a town council to establish a neighborhood enhancement property tax relief program. Provides an assessed value deduction for longtime owner-occupants of homesteads having an assessed value of less than \$100,000. Provides that the homesteads must be located in designated distressed areas where real property values have risen markedly as a consequence of the renovation of other residences or the construction of new residences in the area. Specifies that the deduction applies only to the extent the assessed value of a homestead has increased by more than 3% from the previous year. Provides that only homesteads and owners that qualify for the program on the first assessment date under the program are granted a deduction unless the local unit allows others to qualify. Specifies that there must be at least five homesteads in a designated area. Specifies that not more than 5% of the territory of the unit may be included in designated areas. Allows a local unit to include additional requirements in the ordinance establishing the program. Prohibits income of the owner of a homestead from being a consideration. Adds the same penalty provision for wrongly receiving the deduction that applies to the homestead standard deduction.

**Effective:** July 1, 2017.

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January 4, 2017, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 120th General Assembly (2017)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

## HOUSE BILL No. 1056

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2017]:

4       **Chapter 46. Neighborhood Enhancement Property Tax Relief**  
5 **Program**

6       **Sec. 1.** As used in this chapter, "designated area" refers to the  
7 geographic territory designated under section 7 of this chapter.

8       **Sec. 2.** As used in this chapter, "enhancement base value" means  
9 the net assessed value for a qualified homestead on the assessment  
10 date immediately preceding the assessment date to which the  
11 deduction under this chapter is first being applied to that qualified  
12 homestead.

13       **Sec. 3.** As used in this chapter, "homestead" refers to a  
14 homestead that has been granted a standard deduction under  
15 IC 6-1.1-12-37. However, the term does not include a residence that  
16 the individual is entitled to occupy as a tenant-stockholder (as  
17 defined in 26 U.S.C. 216) of a cooperative housing corporation (as



defined in 26 U.S.C. 216).

Sec. 4. As used in this chapter, "longtime owner-occupant" means any individual who has, or joint property owners who all have, owned and occupied the same homestead as a principal residence and domicile for at least the immediately preceding ten (10) annual assessment dates before the assessment date to which the neighborhood enhancement property tax relief program first applies.

Sec. 5. As used in this chapter, "qualified homestead" means a homestead that:

- (1) is located in a designated area;
- (2) is owned by a longtime owner-occupant; and
- (3) has a gross assessed value of not more than one hundred thousand dollars (\$100,000) on the assessment date of the year before the year the neighborhood enhancement property tax relief program first applies.

Sec. 6. (a) A board of county commissioners in a county not having a consolidated city, a county council, a city-county council, a city common council, or a town council may adopt an ordinance or resolution to establish a neighborhood enhancement property tax relief program providing for a real property assessed value deduction to owners of qualified homesteads in designated areas. A board of county commissioners or a county council may only designate an area within the unincorporated area of the county. For a city or town, the designated area may only be within the territorial jurisdiction of the city or town.

(b) The deduction first applies to the assessment date in the year the homestead becomes a qualified homestead under the program for property taxes first due and payable in the following year.

(c) The amount of the deduction for a qualified homestead is determined as follows:

**STEP ONE: Determine:**

(A) the net assessed value for the qualified homestead for the assessment date before applying the deduction for that assessment date; minus

(B) that part of the assessed value that is:

- (i) attributable to additions to the qualified homestead or parcel; and
- (ii) being included in the gross assessed value of the qualified homestead since the assessment date that was used to determine the enhancement base value.

**STEP TWO: Determine:**



(A) the enhancement base value for the qualified homestead; multiplied by

(B) the sum of:

(i) one hundred three percent (103%); plus

(ii) three percent (3%) for each year after the first year the deduction is applied.

**STEP THREE:** Determine the greater of zero (0) or the following:

(A) the STEP ONE amount; minus

(B) the STEP TWO amount.

(d) Before adopting an ordinance or a resolution that proposes to establish a neighborhood enhancement property tax relief program, the adopting body shall conduct a public hearing in compliance with IC 5-14-1.5 on the proposed ordinance or resolution.

**Sec. 7. (a)** The ordinance or resolution establishing a neighborhood enhancement property tax relief program must include a boundary description of each designated area in which a homestead is eligible to be a qualified homestead.

(b) The area must be a long established residential area with deteriorated, vacant, or abandoned residences and properties where homestead values are expected to rise markedly as a consequence of the refurbishing or renovating of deteriorating residences in the area or the construction of new residences in the area.

(c) An area must include at least five (5) homesteads.

(d) Not more than five percent (5%) of the geographic territory of the unit establishing the program may be included in all those areas designated under the program.

**Sec. 8.** The ordinance or resolution establishing a neighborhood enhancement property tax relief program may include additional requirements for an owner or homestead to qualify for the program. The additional requirements must be the same for all designated areas. The ordinance may include the following:

(1) A maximum geographic territory for all designated areas that is less than the maximum area otherwise specified in this chapter.

(2) A maximum net assessed value for a homestead to qualify under the program that is less than the maximum assessed value otherwise specified in this chapter.

(3) A minimum number of homesteads that must be located in an area that is greater than the minimum number of



homesteads otherwise specified in this chapter.

(4) Allowing an individual to be considered a longtime owner-occupant who did not own the homestead for the ten (10) annual assessment dates immediately preceding the assessment date to which the program first applies but who owned the homestead for the ten (10) annual assessment dates immediately preceding the assessment date the deduction would first apply to that owner. Notwithstanding section 9 of this chapter, a condition adopted under this subdivision may include an application requirement for such an individual to qualify for the deduction.

(5) Any other provision not inconsistent with this chapter.

However, a program may not include the income of the owner as a condition for having a qualified homestead.

Sec. 9. (a) If a neighborhood enhancement property tax relief program is established under this chapter, the county assessor shall provide to the county auditor and county treasurer a list by parcel number of the qualified homesteads in each designated area, and the county shall apply the assessed value deduction to each qualified homestead. The auditor of the county shall record and make the deduction for the person qualifying for the deduction. An owner of a qualified homestead is not required to apply to receive the deduction provided by the program.

(b) Each qualified homestead is eligible for only one (1) deduction under this chapter regardless of the number of owners of the homestead. If the ownership of a qualified homestead changes, the county auditor shall remove the designation as a qualified homestead and remove the deduction effective on the assessment date in that year.

(c) The county auditor shall, in a particular year, apply the deduction provided under this chapter to the qualified homestead that received the deduction in the preceding year unless the county auditor determines that the homestead is no longer a qualified homestead.

Sec. 10. (a) If an individual who is receiving the deduction provided by this chapter:

(1) knows or should have known that the individual does not qualify for the deduction under this chapter; or

(2) changes the use of the individual's property so that part or all of the property no longer qualifies for the deduction under this chapter;

the individual must file a certified statement with the county



1 auditor, notifying the county auditor that subdivision (1) or (2)  
2 applies, not more than sixty (60) days after the date subdivision (1)  
3 or (2) first applies.

4 (b) An individual who fails to file the statement required by this  
5 section is liable for any additional taxes that would have been due  
6 on the property if the individual had filed the statement as  
7 required by this section, plus a civil penalty equal to ten percent  
8 (10%) of the additional taxes due. The additional taxes owed plus  
9 the civil penalty become part of the property tax liability for  
10 purposes of this article.

11 (c) The civil penalty imposed under this section is in addition to  
12 any interest and penalties for a delinquent payment that might  
13 otherwise be due. One percent (1%) of the total civil penalty  
14 collected under this section shall be transferred by the county to  
15 the department of local government finance for use by the  
16 department in establishing and maintaining the homestead  
17 property data base under IC 6-1.1-12-37(i) and, to the extent there  
18 is money remaining, for any other purposes of the department.

